

## Residential Mandatory Disclosure - The Facts for Victoria

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It's clear from the publicity surrounding Residential Mandatory Disclosure that there is some confusion as to exactly what it is and what it means. To clarify, here's a summary of the current position in Victoria.

Residential Mandatory Disclosure is the requirement for home owners and landlords to disclose the energy efficiency of a home at the point of sale or lease. Exactly how this is going to be applied in Victoria is currently unknown. It could be anything from a simple Sustainability Declaration form as done in QLD, through to a full star rating as in the ACT. The suggestion is that the Victorian cost would be around \$200 to the property owner.

The purpose of Mandatory Disclosure is to give purchasers and renter's information on the home which will enable them to make an informed choice and comparison. The ACT have had mandatory disclosure of energy ratings for over 10 years, it's proven to be useful information for those wanting to know. It has also had a positive impact on house prices, between 3-5% of increased value for each star obtained (per the EER report 2006). So a house valued at \$550,000 could increase in value by \$16,500 or more per star obtained.

Discussions in Victoria continue, but for mandatory disclosure to be effective the outcome must provide an appropriate level of reliable information. The good thing is that these changes could provide great benefit to householders. Making our homes more energy efficient is a primary way to reduce our day to day living costs. Having those efficiency measures recognised as a positive investment in the home is a great step forward.

Although most homes built before energy ratings were introduced would rate between 0 to 1 Star and are generally inefficient, there are ways to improve them. A qualified Home Sustainability Assessor or Energy Auditor can review the home and provide advice on how to improve its energy efficiency. Changes such as adding insulation would not only reduce your heating and cooling costs, it would also increase your homes rating when you sell.

Energy efficient homes stay more comfortable for longer, minimising the need for active heating or cooling. As heating and cooling can account for up to 50% of a homes energy bills, the cost saving potential is significant. Particularly as energy costs are set to double (again) over the next five years. Energy efficient homes provide significant benefits to the householder by being environmentally sound, more comfortable and more affordable to live in. And if you're wondering about the difference in running costs here are some numbers for you:

Based on an average home, running costs would be as follows:

- 0 to 1 Star rated home, around \$3,800 per year.
- 6 Star rated home, around \$ 880 or less per year.

That's a **\$2,920 a year difference** I'd want to know about, wouldn't you?